

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3179-05  
BILL NO.: HCS for HB 1489, 1488, and 1650  
SUBJECT: Children and Minors; Health Care; Health, Public  
TYPE: #Corrected  
DATE: March 6, 2000  
#To correct totals.

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$889,927)	(\$1,069,478)	(\$1,096,083)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$889,927)</b>	<b>(\$1,069,478)</b>	<b>(\$1,096,083)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenditures of \$210,554 net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$380,296</b>	<b>\$380,296</b>	<b>\$380,296</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

*HB 1489*

Officials from the **Department of Insurance**, the **Department of Conservation**, the **Department of Transportation**, and the **Department of Public Safety - Missouri State Highway Patrol** assume this proposal would not fiscally impact their agencies.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** stated for a similar proposal that they cover childhood immunizations at 100%. HCP states that adding varicella and hepatitis A to the covered immunizations may increase the plan's cost. HCP states this cost could be passed on through premium increases. HCP expects the fiscal impact would be minimal.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** based the fiscal impact from the proposal on the number of children on Medicaid when they entered school. DMS currently pays for the administration of these injections. DMS states the actual cost of the drug is provided by the Vaccine for Children program which is administered by the Department of Health. DMS estimates that there would be an average of 24,800 children on Medicaid when they enter school for the next three years. DMS states the current Medicaid reimbursement for the administration of these immunizations is \$5.00. The fiscal impact is estimated as follows:

	Hepatitis A	Varicella
Number of Medicaid children entering school	24,800	24,800
x Number of doses	<u>X 2</u>	<u>X 1</u>
	49,600	24,800
Less: Number of immunizations currently paid by Medicaid	<u>(363)</u>	<u>(5017)</u>
	<u>49,237</u>	<u>19,783</u>
Estimated immunizations (49,237 + 19,783)	69,020	
x cost of administration of immunization	<u>x \$5.00</u>	
Total Estimated Cost	<u>\$345,000</u>	

DMS assumed that there might be a cost savings in other medical costs in future years if children are properly immunized as required by the proposal.

ASSUMPTION (continued)

Officials from the **Department of Health (DOH)** stated for a similar proposal that children would not be required to be immunized against varicella if they had already had the disease (which confers natural immunity) and school-age children needing varicella immunizations could receive them free through the local public health agencies (LPHA), since DOH is providing varicella vaccine to the LPHA. DOH assumes any increase in varicella vaccines needed as a result of this proposal would be handled with current resources. DOH states that currently they have only enough funding to provide hepatitis A vaccine to Vaccines for Children(VFC)-eligible children. DOH assumes that approximately 37% of school-age children are eligible for the VFC program. DOH states they have historically implemented new school immunization requirements by mandating them for one grade (usually kindergarten). DOH assumes all non-VFC eligible kindergartners (approximately 47,000 children) would receive their two-dose hepatitis A vaccine series (\$11.15 per dose) from the LPHAs.(47,000 children x 2 doses x \$11.15 per dose = \$1,048,100).

*HB 1488*

Officials from the **Department of Health (DOH)** assumed for a similar proposal that no staff would provide direct medical treatment and any costs for Immune Globulin (IG) or its administration by local public health agencies would be reimbursed by the establishment with the infected employee. DOH also assumes that establishments requiring employees to be immunized against hepatitis A and implementing safe food-handling practices would not have outbreaks of hepatitis A. In addition, DOH assumes they would be reimbursed for the cost of the IG. DOH states the average cost for IG has increased from \$7.28 in 1996 to \$19.12 in 1999. DOH states the annual average number of persons requiring IG from 1996 through 1999 was 4,412. DOH estimates a cost savings to the department of \$84,357 (4,412 (persons treated) x \$19.12 (cost of vaccine per treatment))annually as a result of this proposal. DOH states there would be a savings to local public health agencies who administer vaccine of reimbursed for their cost. Local public health agencies have maintained their cost to respond and administer vaccine for \$8.00 per person. DOH estimates cost saving per year using the same assumptions used for vaccine would be \$35,296 for local public health agencies.

*HB 1650*

Officials from the **Department of Health (DOH)** assumed for a similar proposal that no staff would provide direct medical treatment and any costs for Immune Globulin (IG) or its administration by local public health agencies would be reimbursed by the establishment with the infected employee. DOH also assumes that establishments requiring employees to be immunized against hepatitis A and implementing safe food-handling practices would not have outbreaks of

ASSUMPTION (continued)

hepatitis A. In addition, DOH assumes they would be reimbursed for the cost of the IG.

DOH states the average cost for IG has increased from \$7.28 in 1996 to \$19.12 in 1999. DOH states the annual average number of persons requiring IG from 1996 through 1999 was 4,412. DOH estimates a cost savings to the department of \$84,357 (4,412 (persons treated) x \$19.12 (cost of vaccine per treatment)) annually as a result of this proposal. DOH states that during the same time period there were six hepatitis A incidents where costs would have exceeded \$20,000. The total cost in excess of the \$20,000 for the period would have been \$110,301.

DOH states that if the proposal had been in effect for that time period using a standardized IG cost, DOH would have been reimbursed for sixty-seven percent of their IG cost (\$337,340 - \$110,301 = \$227,129.  $\$227,129 / \$337,340 = 67\%$ ). DOH assumes that applying this percentage to the current estimated average annual cost of vaccine would project annual cost savings to DOH for IG of \$56,780 ( $\$84,357 \times 67\% = \$56,780$ ).

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>GENERAL REVENUE FUND</b>			
<u>Savings - Department of Health</u>			
Hepatitis A Vaccine	\$70,269	\$87,731	\$91,241
Reimbursements for Hepatitis A Vaccines	<u>\$47,317</u>	<u>\$56,780</u>	<u>\$59,051</u>
Total <u>Savings</u> - Dept. of Health	<u>\$117,586</u>	<u>\$144,511</u>	<u>\$150,292</u>
<u>Costs - Department of Health</u>			
Hepatitis A Vaccine	(\$873,067)	(\$1,079,543)	(\$1,111,929)
<u>Costs - Department of Social Services</u>			
Medical Assistance Payments	<u>(\$134,446)</u>	<u>(\$134,446)</u>	<u>(\$134,446)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$889,927)</u></b>	<b><u>(\$1,069,478)</u></b>	<b><u>(\$1,096,083)</u></b>

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**FEDERAL FUNDS**

<u>Income - Department of Social Services</u>			
Medicaid Reimbursements	\$210,554	\$210,554	\$210,554
<u>Cost - Department of Social Services</u>			
Medical Assistance Payments	(\$210,554)	(\$210,554)	(\$210,554)

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**LOCAL PUBLIC HEALTH  
AGENCIES**

<u>Income - Local Public Health Agencies</u>			
Administration of Vaccine Program	\$345,000	\$345,000	\$345,000
<u>Savings - Local Public Health Agencies</u>			
Administration of Vaccine	<u>\$35,296</u>	<u>\$35,296</u>	<u>\$35,296</u>

<b>ESTIMATED NET EFFECT ON LOCAL PUBLIC HEALTH AGENCIES</b>	<b><u>\$380,296</u></b>	<b><u>\$380,296</u></b>	<b><u>\$380,296</u></b>
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FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent that they would possibly incur additional costs as a result of this proposal.

DESCRIPTION

This proposal would require the Department of Health to develop rules requiring immunizations for varicella (chickenpox) and hepatitis A for children attending day care centers, preschools, or nursery schools. The department would also be required to develop rules requiring

DESCRIPTION (continued)

immunizations for varicella (chickenpox) and hepatitis A for children attending public, private, parochial, and parish schools beginning with the 2002-2003 school year and every following year. In addition to exemptions based on religious and medical contraindications, the proposal would allow children to be exempted from the immunization requirement if one parent or guardian objects in writing to the school administrator because of philosophical beliefs. For written objections based on philosophical beliefs, a notarized statement would be provided to the school administrator annually. The proposal would also require establishments listed in Section 196.190, RSMo (restaurants, hotels, grocery stores, etc.), with an employee who has contracted hepatitis A, to be liable to the Department of Health or a local public health agency for up to 50% of the cost of administering immune globulin and the per dose cost of the immune globulin for treating co-workers or customers who are exposed to hepatitis A and are treated through the Department of Health or a local public health agency. The liability to the department or the local public health agency would be waived if such establishments voluntarily require employees to be immunized for hepatitis A as a condition of employment and implement safe food handling practices. Establishments would also be exempted from the liability if an employee objects to the hepatitis A immunization because of religious beliefs or medical contraindications. If the objection would be based on medical contraindications, a statement would be provided to the establishment by a licensed physician.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health  
Department of Social Services  
Missouri Consolidated Health Care Plan  
Department of Transportation  
Department of Public Safety - Missouri State Highway Patrol  
Department of Conservation  
Department of Insurance



Jeanne Jarrett, CPA  
Director  
March 6, 2000